

III.B.1.b

MEMO TO: City Council

FROM: Lenda Crawford, Finance Director

DATE: June 11, 2004

SUBJECT: **STAFF REPORT: Financial Status Report for the 1st Quarter 2004
(Report covers biennial period from January 1, 2003 – March 31, 2004)**

City financial policies require periodic financial reports that summarize activity by major fund type. Accordingly, this report summarizes the financial performance of the major City funds, including the General, Capital and Enterprise funds for the first fifteen months of the 2003 – 2004 biennium. Detailed tables supporting the analysis herein are included as appendices to this report.

Staff will be present at the June 15th Council meeting to answer any questions on the report. If you have questions prior to that time, please contact either me at 425.556.2160 or Martin Chaw at 425.556.2165.

EXECUTIVE SUMMARY

At the end of the first quarter 2004, national economic conditions continue to improve, however a recovery at the local level is not as apparent. For example, the nation's GDP increased at a rate of 4.4% during the latest quarter, making this the ninth consecutive quarterly increase since the end of 2001. In contrast, according to the Washington State Employment Security Department, the Seattle metropolitan area added 800 jobs in March which are well below the 2,500 jobs economists feel are needed to sustain a growing workforce. The region's weak employment market is the primary factor keeping the local economy restrained. While the Washington State Office of the Forecast Council is expecting the state economy to improve, it is forecasting that it will do so gradually. Staff will continue to closely monitor local economic conditions as it directly affects the City's economically sensitive revenue sources, namely sales taxes, development revenues, and interest earnings.

GENERAL FUND: With nine months remaining in the 2003-04 biennium, finances within the General Fund remain tight. Despite this, it is anticipated that General Fund expenses will be in line with lowered revenue projections, barring any further deterioration in revenues and the forthcoming fire arbitration labor settlement being in line with budget. Revenues, excluding the beginning fund balance, are expected to be approximately 3%-4% below budget. Cost saving measures, which were put into place early in the biennium to ensure expenditures remained within revenue limits, have been successful to-date and will be monitored closely throughout the remainder of the biennium. In the event economic conditions worsen and/or labor costs are higher than expected, it may be necessary to access a portion of the \$3.3 million contingency set aside in the 2003-04 budget. To date, none of these funds has been used.

On the positive side, sales tax collections have begun to improve, albeit from extremely low levels. For the first quarter of 2004, collections in the retail and construction sectors were up 14% and 50% respectively. This potential change in trend is also supported by positive changes in sales tax collections for neighboring communities. While this change has been long awaited and encouraging, we need to also recognize that it is very preliminary, and overall collections are still below 1999/2000 levels. Further data is needed to determine whether a turning point in City sales tax collections has been reached.

UTILITIES: Each of the three Utilities are operating within budget. From a financial statement perspective the **Water/Wastewater Utility** experienced a higher than normal operating loss during the first quarter of 2004, due to the difference in the way Cascade Water Alliance bills for purchased water (i.e. evenly over a 12-month period) vs. the City of Seattle where water purchases fluctuate based on demand. This Utility normally experiences an operating loss during the first quarter due to lower water sales but these losses are recovered during the summer when water sales are at its peak.

The **Stormwater Management Utility** continues to gradually draw down its reserves as it enters the last year of its five year rate plan. The 5-year rate plan was structured so that it over-recovered in the early years and under-recovered in the latter years, but is generating enough revenues over a 5-year period to carry out the Utility's objectives.

The **Urban Planned Utility** continued to operate at loss but is expected to generate operating income in the near future as more residents move into the new community.

UTILITIES CIP: The CIP programs for the Water/Wastewater and Stormwater Utilities have not been implemented as planned in the 2003-2004 budget. Execution of the **Water/Wastewater CIP** was delayed due to re-designing the wells to accommodate the new water treatment process.

The water source improvement program represents the Utility's largest single project. These redesigns are scheduled to be complete in mid-2004 with construction starting in the fall. Execution of the **Stormwater Management CIP** was delayed due to regulatory permitting and design issues. Despite these delays, continued construction is expected to occur on other projects in the Utility this summer.

GENERAL CIP: Revenues for the City's General Capital Investment Program continue to come in stronger than expected due to higher real estate excise tax and business license surcharge receipts. There are no major program delays at this time and Transportation and Parks continue to execute their CIPs at a very high rate. Significant progress was made on the following projects: Grasslawn and Perrigo Parks, firefighter's plaza at Station #11, roof repairs to Station #12, West Lake Sammamish/NE 51st to Marymoor Park and 140th Avenue NE sidewalk improvements. These last two projects are expected to be completed by this summer.

GENERAL FUND

Revenues: General Fund operating revenues which exclude the beginning fund balance totaled \$60.0 million and are currently running between 3% to 4% below budget as a result of prolonged weaknesses in development revenues, interest earnings and utility taxes. On a positive note, some improvement has been seen in our largest and most economically sensitive revenue source, sales tax, for the first time since the start of the economic recession in early 2001. A pick-up in sales tax collections is also being seen in neighboring jurisdictions. While this information is encouraging, it is important to recognize that this is very preliminary and further data is needed to evaluate whether this change is sustainable. Highlights of revenue performance during 2003 include the following:

- **Beginning fund balance.** The General Fund started the biennium with \$5.0 million. This balance includes \$3.3 million that was set-aside in 2001 as an economic contingency. The remaining \$1.7 million represents funding for labor contracts that did not settle by the end of 2002. These monies were carried forward to the 2003-04 biennium and were set-aside for the same purposes.
- **Sales tax** revenue at \$21.8 million is on target and is expected to end the biennium close to budgeted levels of \$34.9 million. It is important to note that this figure includes \$2.8 million of one-time audit adjustments. Excluding these one time adjustments, sales taxes continue to perform at pre 1999-2000 levels as shown in the chart below.

While sales taxes continue to perform at 1999-2000 levels, the City has begun to see improvements in this revenue during the first quarter of 2004. As shown in the table below, Redmond sales tax revenue was up nearly 16% compared to the same quarter in 2003.

The improvement in sales taxes was most noticeable in the retail and construction sectors. Sales tax revenue from retailers was up 14% during the quarter due primarily to new businesses locating in Redmond over the past two years. Retail sales taxes from construction rose 50% and reflects primarily the residential construction activity that is occurring in the City.

1st Quarter Sales Tax Collections: 1999-2004		
Year	Sales Taxes	% Change from Previous Year
1999	\$3,964,184	
2000	\$4,028,259	1.6%
2001	\$4,522,736	12.3%
2002	\$3,474,141	-23.2%
2003	\$3,395,084	-2.3%
2004	\$3,930,848 *	15.8%

* 1st quarter 2004 is below 1999-2000 levels

Source: City Financial Records

Another encouraging indicator that local sales tax trends may be improving is the general trend in collections among neighboring jurisdictions. The table to the right shows sales taxes improving for most jurisdictions over the previous year. Again, while these trends appear positive, caution should be used as further data will be needed to assess whether this improvement is sustainable.

Y/Y Percentage Change in Sales Tax Collections			
Jurisdiction	1Q 2003 Sales Tax Collections	1Q 2004 Sales Tax Collections	% Change from Previous Year
Redmond	3,395,084	3,930,848 *	15.8%
Kirkland	2,680,297	2,971,434	10.9%
Renton	3,532,807	3,914,770	10.8%
King Co.	15,551,274	16,526,266	6.3%
Issaquah	1,898,146	1,991,934	4.9%
Seattle	25,824,860	26,855,551	4.0%
Bellevue	8,365,168	8,423,538	0.7%
Bothell	1,857,049	1,815,965	-2.2%
Tukwila	3,712,551	3,621,837	-2.4%

* 1st quarter 2004 is below 1999-2000 levels
Source: Wa. State Department of Revenue

- **Property taxes** are on target for the year. Normally, the majority of property taxes are received by the City in May and October.
- **Utility tax** revenues are currently running about 5% to 6% below budget. Lower natural gas rates and a warmer than expected winter resulted in lower than anticipated revenue from natural gas and electricity. Telephone utility taxes are also under budget primarily because the growth in cellular phones has moderated and competition has lowered the overall cost of this service.
- Although **development fees** increased modestly during the 1st quarter of 2004, they are still expected to be approximately 10% to 15% below budget by the end of the biennium. Hurting this revenue source is the lack of new commercial construction within the City. For example, revenue from commercial building permits and multifamily building permits total approximately \$500,000 and compare to \$670,000 in the previous biennium, or a 25% decline. Engineering plan check fees, which are an indicator of future commercial and multi-family developments, were extremely low totaling \$146,000 in the current period as compared to \$840,000 during the same period in the last biennium. On the other hand, residential building permits remained strong and totaled \$1.1 million, an increase of 17% over the previous biennium.
- **Intergovernmental revenues** increased slightly since the last report to \$9.2 million or 53% of budget, reflecting the collection of General Fund overhead fees assessed to other City departments as well as first quarter distributions of liquor and fuel taxes from the State of Washington. This revenue category is within budget and will receive a large boost during the summer upon receipt of fire service revenues. It is important to note that revenues from District 34 will be higher than normal to help offset the cost of Fire Department overtime.
- **Business license and business license penalty revenues** totaled \$1.7 million and have exceeded its biennial budget by 7%. This revenue source has outperformed expectations due mainly to the culmination of a major audit in 2003 that uncovered underreporting of employees in prior years.
- **Investment interest** continues to perform below budget. Interest earnings for the General Fund have declined considerably due to an overall decline in the earnings for the City's investment portfolio and a decline in the General Fund's cash balance relative to other funds in the City.

Expenditures: As discussed in the executive summary, cost containment measures put into place by the City early this biennium have been successful and have kept expenditures within lowered revenue constraints. General Fund expenditures at \$61 million are slightly higher than revenues at this point because the City has not yet received its large property tax receipts. The bulk of these receipts were received in April and May and resulted in revenues exceeding expenses for the period. Normally, department expenditures at this time of the biennium are 62.5% spent and the General Fund has expended only 57% of its budget to date. As shown below, with the exception of the Fire Department, all departments are under this benchmark rate as departments continue to closely scrutinize daily operating expenditures.

General Fund Departments Percentage of 2003-04 Biennial Budget Spent			
Department	2003-04 Budget	Jan 2003 - Mar 2004	% Spent
Fire	21,703,638	13,768,628	63.4%
Public Works	16,065,653	9,577,796	59.6%
Executive	998,710	595,551	59.6%
Police	19,892,310	11,753,730	59.1%
Legal	1,359,133	798,418	58.7%
Finance and IS	10,128,376	5,718,033	56.5%
Parks and Recreation	9,023,642	5,055,042	56.0%
Planning	10,866,523	5,881,843	54.1%
Human Resources	1,732,946	926,875	53.5%
Legislative	314,856	157,940	50.2%
Non-Departmental	14,559,060	6,814,757	46.8%
Total	106,644,847	61,048,611	57.2%

Source: City financial records

Closer analysis of the City's expenditures by major category of expense show that all areas are below budget with the exception of overtime.

Overtime totaled \$1.4 million through the first quarter 2004 and is approximately 23% above budget but is lower than the same period during the last biennium when it totaled \$1.65 million. Overtime is occurring primarily in two areas of the City, Police and Fire. Police Department overtime is over budget due to the number vacancies in the department and is being more than offset with salary savings. Although Fire Department overtime is higher than budget, it has declined in the current period to \$729,000 as compared to \$900,000 for the same period during the last biennium. The City has been working with the Fire District #34 commissioners and the union to address this issue. The Fire District has agreed to raise its contribution level to help offset a portion of the over-expenditure in overtime for the Fire Department.

ENTERPRISE FUNDS

Water/Wastewater (WWW) Utility: The WWW Utility budget is on target as of the end of March. Revenues, excluding the transfer from the CIP to retire all the Utility's outstanding debt in 2003 are at 62% of budget. Expenses are slightly higher than budget due to the difference in the way the Cascade Water Alliance bills for purchased water, which is spread evenly over the year, vs. the City of Seattle where water purchase costs fluctuate based on demand.

From a financial statement perspective the Utility incurred an operating loss of \$514,000 for the 1st quarter of 2004. It is important to note that the Utility normally experiences an operating loss during the first quarter of each year reflecting the relatively lower water sales during the winter months. These losses are normally recovered during the summer when revenue from water sales is at its peak. The first quarter loss is higher than normal due primarily to the timing of payments to the Cascade Water Alliance vs. the City of Seattle. Payments to the CWA are spread evenly

throughout the year which has resulted in a higher cost of purchased water for the first quarter. In contrast, payments to the City of Seattle, the City's previous water purveyor, were made based upon consumption. As a result, water purchase payments under the City of Seattle were lower during the winter months and higher during the summer. While this expense is up in the current quarter, it is important to note that total purchased water costs are forecasted to be \$6.4 million for the 2003-04 biennium, which is on-target with budgeted levels. A rate study is currently being conducted to assess the adequacy of current rates and rate requirements for the 2005-2006 biennium.

The Utility's CIP expenditures totaled \$6.3 million or 28% of its biennial budget. Execution of the Water/Wastewater CIP has been delayed due to design changes for the water source improvement project. The design changes resulted from modifications to the treatment process which necessitated redesigning the well houses. Construction is expected to occur in two phases, with rebuilding Well No. 5 beginning in the fall of 2004. The second phase will complete Well Nos. 1, 2 and 3 during the 2005/06 time period. Despite these delays, the Utility has made progress on other projects, most notably on the 2004 Water Main Replacement. This project involves replacing the main line for water service in various areas and is expected to be complete by the fall of 2004.

Stormwater Management (SWM) Utility: At the end of March, the SWM Utility continues to draw down its fund balance in order to pay for its operating expenses. Revenues, excluding beginning fund balance, totaled \$8.7 million as compared to expenditures of \$9.1 million. This drawdown of reserves was anticipated and is a direct result of a five year rate stabilization program for the Utility which result in over-collection of rate revenue in the early years and under-collection in the latter years.

From a financial statement perspective, it is important to note that the Utility's financial position continues to be positive, but this position is slowly eroding and is expected to continue to do so through the end of 2004 or until such time new rates are adopted that will cover the cost of operating the Utility. A rate study is underway to assess rate requirements for the 2005-2006 biennium, and will be brought to Council in July.

CIP expenditures totaled \$1.8 million in the current period, or 14.2% spent. The relatively low expenditure rate is not typical and reflects permitting delays as a result of SEPA and US Fish and Wildlife permitting and design issues. Projects delayed include the Sammamish River/Bear Creek Habitat and the NE 87th Street culvert improvements. Despite these delays, several projects will begin construction during the summer. These include Lower Peter's Creek Rehabilitation/151st Culvert Replacement and the Sammamish River Habitat Enhancement #3.

Urban Planned Development (UPD) Utility: Revenues in the UPD Utility continue to trend higher as new residents move into the master-planned community and the business park continues to expand. Revenues through the first quarter of 2004 totaled \$3.0 million and are running approximately 4% above budget. Expenditures totaled \$3.2 million and are slightly higher than budget, primarily due to purchased water costs. Water costs are higher than normal during the first quarter as the Utility purchased water through the Cascade Water Alliance as opposed to the City of Seattle. Payments to the CWA are made evenly throughout the year while payments to the City of Seattle fluctuated during the year based upon consumption.

From a financial statement perspective, the Utility is still incurring an operating loss and will continue to do so until the community grows to the point where revenue from rates will cover the cost of operating the Utility. While this point has not yet been reached, it is expected that the Utility will reach break-even in the near future as the community continues to grow. A rate study

is currently underway to assess the adequacy of current rates and rate requirements for the 2005-2006 biennium, and will be brought to Council in August.

Expenditures for the UPD CIP program totaled \$894,000 in the current period, reflecting payment of the Regional Capital Facility Charge to the Cascade Water Alliance, of which the City of Redmond is a member.

CAPITAL INVESTMENT PROGRAM (CIP)

Overall, revenues are coming in stronger than expected, primarily due to stronger collections in real estate excise tax, and the business license surcharge. On the expenditure side, Transportation and Parks continue to execute their CIP programs at a high rate. Of the total \$41.6 million spent, Transportation accounted for \$27.7 million and Parks \$10.5 million. Significant progress were made on the following projects: construction of sidewalk improvements along 140th Avenue, construction of West Lake Sammamish Parkway between NE 51st and Marymoor Park, construction at Grasslawn and Perrigo Parks and roof repairs to Fire Station #12.

The following is a summary of the CIP's major revenue sources and expenditure activities.

Revenues: At \$89.5 million, CIP revenues are already 87% collected for the 2003-2004 budget. Of the \$89.5 million, \$47.9 million is the beginning fund balance and represents money carried over from the previous biennium. The best revenue performers year-to-date has been real estate excise taxes and the business license surcharge. The worst performers have been impact fees and vehicle registration fees, as explained below.

- **Real Estate Excise Tax (REET)** ended the period with revenues totaling \$3.4 million or 81% of the 2003-04 budget. This revenue source is expected to be over budget by \$2.3 million, or 55%, by the end of the biennium due to continued strength in residential housing sales.
- **Business License Surcharge** revenues at \$6.9 million have already exceeded budget by 2%. The stronger performance in this category is attributable to the increased number of employees working in Redmond and the completion of a major audit in 2003, which has had a positive impact on this revenue source.
- **Impact Fee** revenue at \$2.6 million is running below budget. Continued weakness in new commercial construction has resulted in lower than anticipated transportation impact fees while impact fees for the Parks and Fire CIP, which are more closely tied with the residential housing market, are on target. Impact fees can vary significantly from month to month as the City receives these revenues once development is complete.
- **Vehicle Registration Fees** was virtually eliminated in the current biennium due to the passage of Initiative 776 which repealed the \$15 local option vehicle license fee. The total estimated loss between 2003-2008 in the Transportation Capital Investment program is \$2.4 million. Vehicle registration fees represent approximately 3.5% of overall transportation CIP revenues.
- **Private contributions and other revenues** totaled \$6.1 million and reflect private contributions toward major transportation projects in the City and payments from the City of Bellevue for BROTS projects.

Expenditures: Expenditures in the City's Capital Investment Program totaled approximately \$41.6 million or 49% of budget. Expenditures in the Transportation and Parks CIP functional areas represented the bulk of the expenditures in the program, with each spending nearly 60% of their biennial allocations. Significant expenditures in the **Parks functional area** include completion of the improvements to Grass Lawn Park, construction of Perrigo Park, improvements to the Old Redmond Schoolhouse Community Center parking lot and the firefighter's plaza.

Major expenditures in the **Transportation functional area** included continued construction on West Lake Sammamish Parkway (NE 51 Street to Marymoor), 166th Avenue NE (Redmond Way to NE 85th St.), and on the 140th Avenue NE Sidewalk project. Completion for each of these projects is anticipated this summer. In addition, construction is beginning on two major roadway projects this summer, Union Hill Road (178th Pl. to 188th Ave. NE), and Redmond Way Access Control (Avondale Way to Bear Creek Br.).

Expenditures in the **Fire functional area** totaled \$415,000. Major project work included improvements to station security, records management projects, and the roofing repair to Station 12.

Police functional area expenditures totaled \$352,000 or 11% of budget. Expenditures to date reflect continued progress on Homeland Security, mobile data terminals and criminal justice integration projects. Approximately \$2.2 million of the \$3.1 million budgeted in the Police CIP is being held in reserve for the future replacement/renovation of the Public Safety Building as well as to remodel the Finance Department space once the new City Hall is built.

Expenditures in the **General Government functional area** totaled \$3.6 million or 23% of budget. Expenditures reflect contributions toward the rehabilitation of a 66-unit apartment complex in Kirkland and an 18 unit apartment demonstration project in Eastgate, both of which were in conjunction with A Regional Coalition for Housing (ARCH). Other expenditures include payments from the Coast Guard Housing proceeds which were used to payback the Parks, Transportation and Water/Wastewater CIP funds that waived impact fees for the Transit Oriented Design development in Overlake, and payments to architects and engineers for work related to City Hall.

INVESTMENTS

The city's investment portfolio continued to meet the primary objectives of the investment policy: safety of principal, liquidity of funds, and attaining a market rate of return given the risk constraints and diversification guidelines. The investment portfolio increased slightly from \$105.9 million at the beginning of the quarter to \$106.8 million at March 31st, a 1% increase.

The table below provides a snapshot of the city's portfolio and performance at March 31, 2004.

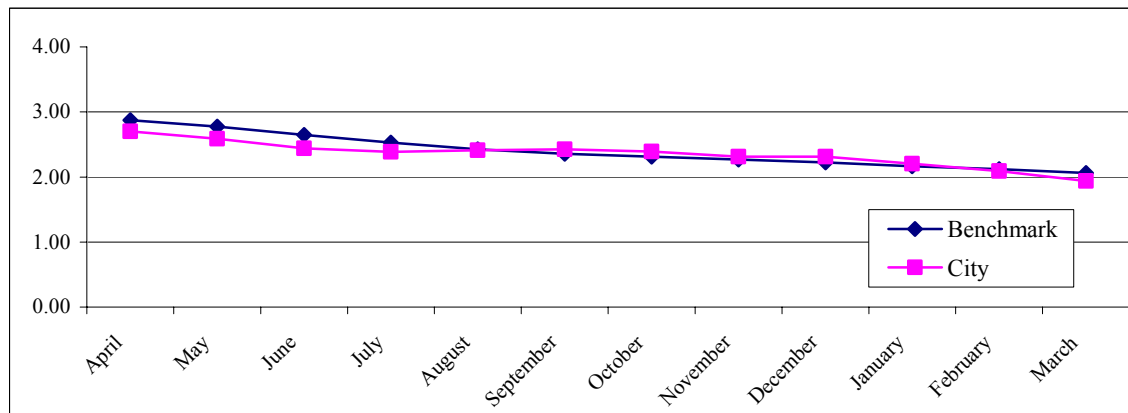
	Book Value	Percentage of Portfolio	Average Days to Maturity	Average Yield To Maturity
State Investment Pool	\$ 20,902,781	19.6%	1	1.05%
Certificates of Deposit	43,310,122	40.6%	238	1.84%
Federal Agency Issues	37,556,980	35.2%	579	2.43%
Federal Agency Discount Issues	2,365,918	2.2%	87	3.93%
Money Market Fund	2,627,755	2.4%	1	N/A
Total and Average	\$ 106,763,556	100.00%	310	1.944%

Source: City Financial Records

The city currently benchmarks its portfolio to the 2-year average of the 2-year Treasury Note. During the 1st quarter the city and the benchmark both achieved an average interest rate of 2.1%. The City anticipates continuing to meet or exceed its benchmark throughout 2004.

The following chart compares the city's rate of return to the benchmark.

**Portfolio Benchmark Comparison
April 2003– March 2004**



APPENDICES

General Fund Revenues and Expenditures
January 1, 2003 - March 31, 2004

REVENUE COLLECTIONS	2003-04 Budget	Jan 2003 - Mar 2004	% Received	Jan 2001 - Mar 2002
Beginning Fund Balance	\$ 1,662,829	\$ 5,037,773	303.0%	\$ 12,448,838
Sales and Use Taxes	34,950,000	21,802,035	62.4%	19,167,240
Sales Tax on Construction	(2,200,000)	(1,375,005)	62.5%	(1,375,005)
Sales Tax - Criminal Justice	1,940,000	1,101,941	56.8%	1,134,188
Property Taxes	20,076,000	9,833,042	49.0%	9,226,552
Utility Taxes				
Electricity	7,394,000	4,394,630	59.4%	3,975,128
Telephone	7,447,000	4,070,109	54.7%	4,099,152
Natural Gas	1,998,000	971,484	48.6%	1,246,239
Garbage Collection	921,000	564,437	61.3%	431,560
Cable Television	904,000	602,096	66.6%	508,180
Subtotal: Utility Taxes	18,664,000	10,602,756	56.8%	10,260,258
Development Fees	7,924,000	4,123,264	52.0%	4,934,587
Intergovernmental				
Fire & Emergency Services	9,636,820	4,609,350	47.8%	4,057,184
Overhead Fees	4,820,983	2,911,370	60.4%	2,632,731
Motor Vehicle Fuel Taxes	1,366,000	808,744	59.2%	896,106
Motor Vehicle Excise Taxes	0	0		0
Liquor Profits & Taxes	812,000	572,906	70.6%	491,620
Federal/State/Local Grants & Paymnts	611,095	296,681	48.5%	650,064
Subtotal: Intergovernmental Revs	17,246,898	9,199,050	53.3%	8,727,706
Other				
Transfer from Reserves	537,069	537,069	100.0%	0
Investment Interest	2,450,000	479,849	19.6%	1,670,330
Business Licenses	1,567,000	1,685,868	107.6%	1,433,069
Business License Penalties	60,000	443,262	738.8%	149,095
Admissions Tax	903,000	575,606	63.7%	511,036
Fines and Forfeitures	294,000	265,013	90.1%	339,270
Licenses and Permits	132,700	121,919	91.9%	122,261
Other	437,351	585,677	133.9%	635,586
Subtotal: Other	6,381,120	4,694,263	73.6%	4,860,646
TOTAL REVENUES	\$ 106,644,847	\$ 65,019,118	61.0%	\$ 69,385,009

DEPARTMENTAL EXPENDITURES	2003-04 Budget	Jan 2003 - Mar 2004	% Spent	Jan 2001 - Mar 2002
Fire	\$ 21,703,638	13,768,628	63.4%	\$ 13,616,225
Police	19,892,310	11,753,730	59.1%	11,594,034
Non-Departmental	14,559,060	6,814,757	46.8%	14,491,329
Public Works	16,065,653	9,577,796	59.6%	9,655,190
Finance and IS	10,128,376	5,718,033	56.5%	5,927,196
Planning	10,866,523	5,881,843	54.1%	5,738,631
Parks and Recreation	9,023,642	5,055,042	56.0%	4,541,635
Human Resources	1,732,946	926,875	53.5%	845,152
Legal	1,359,133	798,418	58.7%	622,554
Executive	998,710	595,551	59.6%	576,656
Legislative	314,856	157,940	50.2%	134,115
TOTAL EXPENDITURES	\$ 106,644,847	\$ 61,048,611	57.2%	\$ 67,742,717

City Utility Operating Budget Summary
January 1, 2003 - March 31, 2004

Water / Wastewater Utility	2003-04 Budget	Jan 2003 - Mar 2004	% of Budget	Jan 2001 - Mar 2002
Beginning Fund Balance	1,941,216	1,689,630	87.0%	2,220,872
Engineering Fees	556,000	279,348	50.2%	229,315
Water & Sewer Rate Revenues	21,884,483	13,219,145	60.4%	10,746,794
Metro Sales	13,726,710	8,737,575	63.7%	7,576,132
Other Revenues	278,500	404,169	145.1%	605,082
Transfer From CIP (Debt Retirement)	2,283,000	1,863,009	81.6%	-
Total Revenue	38,728,693	24,503,246	63.3%	19,157,323
Total Resources Including Beginning Fund Balance	40,669,909	26,192,877	64.4%	21,378,195
Operating Expenditures	10,134,030	6,315,043	62.3%	5,311,893
Metro Wastewater Treatment	13,726,710	8,747,202	63.7%	8,009,747
Water Purchases	6,364,274	3,628,484	57.0%	2,263,127
WWW Revenue Bonds Debt Service	2,855,000	2,820,000	98.8%	486,250
Transfer to General Fund	2,555,213	1,522,356	59.6%	1,616,827
Transfers to CIP	3,787,639	2,544,402	67.2%	1,827,877
Total Expenditures before Ending Fund Balance	39,422,866	25,577,487	64.9%	19,515,721
Ending Fund Balance	1,247,043	n/a		n/a
Total Expenditures including Ending Fund Balance	40,669,909			
Water/Wastewater CIP	22,418,141	6,249,047	27.9%	4,621,354
1Q Operating Income(Loss)		Jan-Mar 2004 (514,214)		Jan-Mar 2003 (37,729)

Stormwater Mgmt Utility	2003-04 Budget	Jan 2003 - Mar 2004	% of Budget	Jan 2001 - Mar 2002
Beginning Fund Balance	1,925,644	1,925,644	100.0%	1,108,473
Engineering Fees	200,000	122,660	61.3%	141,395
SWM Rate Revenue	10,526,000	6,325,518	60.1%	6,142,942
CIP Surcharge	3,716,000	2,232,888	60.1%	2,168,440
Other Revenue	40,200	36,913	91.8%	50,911
Total Revenue	14,482,200	8,717,979	60.2%	8,503,688
Total Resources Including Beginning Fund Balance	16,407,844	10,643,623	64.9%	9,612,161
Operating Expenditures	7,149,272	4,724,571	66.1%	3,728,519
Transfers to GF	1,623,333	705,661	43.5%	912,694
Transfers to CIP	5,845,890	3,662,419	62.6%	3,473,998
Total Expenditures before Ending Fund Balance	14,618,495	9,092,651	62.2%	8,115,211
Ending Fund Balance	1,789,349	n/a		n/a
Total Expenditures including Ending Fund Balance	16,407,844			
Stormwater Mgmt CIP	12,524,823	1,779,840	14.2%	1,101,601
1Q Operating Income(Loss), excluding CIP Surcharge		Jan-Mar 2004 563,215		Jan-Mar 2003 603,223

UPD Utility Operating Budget Summary
January 1, 2003 - March 31, 2004

UPD Utility	2003-04 Budget	Jan 2003 - Mar 2004	% of Budget	Jan 2001 - Mar 2002
Beginning Fund Balance	330,614	1,294,416	391.5%	541,042
Engineering Fees	802,000	388,393	48.4%	497,262
Water & Sewer Rate Revenue	1,839,555	1,275,729	69.3%	262,723
Metro Sales	642,083	320,882	50.0%	96,726
Other Revenue	538,877	435,521	80.8%	(47,044)
UPD Depr Rate Surcharge	627,499	553,800	88.3%	0
Total Revenue	4,450,014	2,974,325	66.8%	809,667
Total Resources Including Beginning Fund Balance	4,780,628	4,268,741	89.3%	1,350,709
Operating Expenditures	2,026,692	1,046,521	51.6%	883,373
Metro Wastewater Treatment	529,387	320,881	60.6%	60,028
Water Purchases	455,000	544,457	119.7%	97,889
Transfer to CIP	1,422,386	1,279,735	90.0%	0
Total Expenditures before Ending Fund Balance	4,433,465	3,191,594	72.0%	1,041,290
Ending Fund Balance	347,163	n/a		n/a
Total Expenditures including Ending Fund Balance	4,780,628			
UPD CIP	3,219,701	894,014	27.8%	28,650
1Q Operating Income(Loss)		Jan-Mar 2004 (132,562)		Jan-Mar 2003 (138,875)

Capital Improvement Program Revenues and Expenditures
January 1, 2003 - March 31, 2004

REVENUE CATEGORIES	2003-04 Budget	Jan 2003 - Mar 2004	% Received	Jan 2001 - Mar 2002
General Fund	\$ 5,784,089	\$ 3,429,738	59.3%	\$ 10,673,095
Real Estate Excise Tax (REET)	4,230,000	3,443,437	81.4%	3,303,779
Sales Tax on Construction	2,200,000	1,375,005	62.5%	1,375,005
Business License Surcharge	6,751,116	6,897,500	102.2%	6,029,626
Impact Fees	5,191,000	2,583,703	49.8%	2,680,022
Private Contributions	562,529	2,399,026	426.5%	3,518,513
Federal/State Grants	6,030,126	1,968,837	32.7%	1,649,340
Investment Interest	2,388,003	1,735,322	72.7%	2,756,303
City Campus Project Revenue [1]	3,494,659	0	0.0%	0
Vehicle registration fees - local Option	800,000	9,992	1.2%	506,010
Half-cent motor vehicle fuel tax	624,000	378,142	60.6%	311,629
Parks Bonds Loan Proceeds	3,550,000	3,698,472	104.2%	1,495,545
Operating Transfers	12,824,557	9,998,044	78.0%	6,050,916
Other Revenue [2]	804,396	3,681,763	457.7%	204,811
Major Revenue Source Subtotal	55,234,475	41,598,981	75.3%	40,554,594
Beginning Fund Balance	48,062,573	47,865,212	99.6%	36,185,837
TOTAL CIP REVENUES	\$ 103,297,048	\$ 89,464,193	86.6%	\$ 76,740,431

[1] Reflect LID Guaranty Fund resources.

[2] Other revenue includes intergovernmental revenue and rental from parks houses.

CIP FUNCTIONAL AREA EXPENDITURES	2003-04 Budget	Jan 2003 - Mar 2004	% Spent	Jan 2001 - Mar 2002
Fire CIP	\$ 1,963,541	\$ 414,813	21.1%	\$ 2,906,840
Transportation CIP	46,248,643	26,692,275	57.7%	17,683,489
Parks CIP	18,274,705	10,511,929	57.5%	1,821,856
General Government CIP	15,632,704	3,595,214	23.0%	5,216,143
Police CIP	3,173,690	352,060	11.1%	260,296
Total CIP Expenditures Subtotal	85,293,283	41,566,290	48.7%	27,888,623
Ending Fund Balance	18,003,765			
TOTAL CIP EXPENDITURES	\$ 103,297,048			